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SUMMARY

From the Saudi standpoint the major event of June was King Faisal's official visit to Washington and New York June 21-30. The King appeared to be highly pleased with the warm welcome he received and his talks with the President provided an opportunity for reaffirmation of the existing US commitment to Saudi Arabia's security. No new US security guarantees were given, however. Despite a furor in New York over remarks by the King that Jews who support Israel are his enemy, in general the visit was very successful and the King and President developed a good rapport which can be expected to be an asset in future US-Saudi relations.

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There was labor unrest among Aramco workers in Dhahran and Ras Tanura during June. While the influence of a clandestine labor organization among Aramco workers is suspected, the workers' complaints centered around economic demands probably stimulated by recent rises in food and drug prices.

In defense procurement matters, Minister of Defense Prince SULTAN, while in the US, concluded an agreement to sell back to the US five C-123 transports; the purchase price will be used as down-payment for three new C-130s. The Prince also agreed to a revised five year, \$120 million mobility modernization program for the Saudi Armed Forces to be carried out by the US Corps of Engineers. Conclusion of the agreement, however, is still subject to formal Council of Ministers approval and contingent on the availability of financing.

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Other internal matters of interest during June included the announced reorganization of the Ministry of Agriculture in accordance with Ford Foundation recommendations -- the first such ministry-wide reorganization.

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I. FOREIGN RELATIONS

A. Growing Polarization of Arab World

A significant development during June was the increasingly rapid trend toward polarization of the Arab world between Saudi Arabia and Jordan, on the one hand, and the UAR and Syria on the other. Among the factors lending impetus to this process were the continued controversy over Faisal's Islamic solidarity project; the persistence of the Yemen conflict and the growing possibility of a Saudi-UAR confrontation over South Arabia; the unabated controversy over US-UK arms sales to Saudi Arabia and the sale of US aircraft to Israel; King Hussein's June 14 speech which definitely put him in the opposition to the UAR, Syria, the Palestine Liberation Organization, and the Soviet Union; Nasser's June 15 speech attacking Arab "reactionaries" who regard progress as a greater threat to the Arab world than Israel and imperialism; and last but not least, Faisal's visit to the US.

B. Saudi-UAR Relations

The Propaganda War. On the UAR side, the propaganda war against Saudi Arabia and the alleged "Islamic Pact" continued unabated throughout June, with

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Faisal's visit to Washington a primary target. In an effort to shake Saudi morale and to stir up popular unrest, UAR media published exaggerated and often fictitious accounts of alleged dissident activities inside the Kingdom.

Saudi propaganda, on the other hand, became progressively more restrained as the month went on. The sarcastic and hard-hitting anti-Nasser articles by the Saudis' imported Syrian ink-slinger Nihad al-GHADIRI stopped abruptly after June 6 and there was a detectable shift in Saudi propaganda tactics back to the more subdued and inferential sort of attack which had prevailed prior to Nasser's February 22 speech. The new tone was set by Faisal himself. In a televised interview with a British correspondent (filmed May 28 but not released here until June 8) and in his replies to reporters during his US trip, the King resisted efforts to provoke him into criticizing Nasser personally or into commenting critically on various aspects of Saudi-UAR relations. The dignity, reasonableness, and even conciliatory nature of the King's public references to Nasser were vigorously applauded by the Saudi press which favorably contrasted this approach with the abusive utterances of "certain other Arab leaders". While there was no diminution in the King's basic suspicion of Nasser and of UAR intentions toward Saudi Arabia, Faisal's moderate and statesmanlike posture undoubtedly enhanced his public image both at home and abroad.

Despite reports the Royalists were becoming increasingly restive under the tight controls being exercised by Saudi Arabia (see London's 5988), the Saudis continued to reassure USG officials that they have not resumed shipments of arms to the Royalists and are restraining them from taking the offensive against UAR forces.

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D. The PeninsulaSouth Arabia.

in response to questions asked during his May 28 British television interview and at press conferences in New York, Faisal would not acknowledge that the future of South Arabia had already become a matter of dispute between him and Nasser. At a June 29 press conference in New York, the King expressed doubt that Nasser intended to send UAR troops into South Arabia "because this is neither in his interest nor in the interest of the Arab South itself."

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Labor Unrest. On the other hand, Consulate General Dhahran reported increasing unrest among Aramco's labor force in Dhahran and Ras Tanura. Following a sudden increase in the number of worker complaints, 300 workers demonstrated at Dhahran on June 14 and another 400 at Ras Tanura the following evening. On the orders of Eastern Province Amir Saud bin JILUWI (who had returned from medical treatment in Paris on May 30), the police subsequently arrested 14 Aramco workers for participation in the two incidents. The arrests and

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Aramco President BARGER's subsequent rejection of most of the workers' demands were believed to have antagonized the workers and may lead to further manifestations of labor unrest at Aramco.

The incident occurred at a time when the UAR press and Nasserist-dominated labor organizations had been stepping up their attacks on Aramco and on the Saudi Government's alleged "oppression" of the workers. Although Aramco officials suspected the two demonstrations were encouraged by an organized but unidentified group of company employees and possible outside political involvement cannot be discounted, the workers' demands were entirely economic in nature and may have been stimulated by the sharp rise in some food and drug prices following removal of Saudi Government import subsidies in May. We have heard that the Saudi "man in the street" has been hurt economically by the price rise and that there is some resentment against the Government. With the possible exception of the Aramco demonstrations, however, there were no other manifestations of popular unrest reported during June.

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On June 20 Chief of Staff Lt. Gen. Abdullah MUTLAQ informed the Chief, U.S. Military Training Mission, that Colonel Mekki TUNISI and Major Saleh JAWINI would be named Commander and Deputy Commander respectively of the proposed new Air Defense Command. (Both officers are presently on training courses in the US.) Progress toward organization of the Air Defense Command -- proposals for which were submitted by USMTM last January -- continued to be slow.

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Transport Squadron. Following preliminary examination of the aircraft by a special US inspection team, the US Department of Defense on June 29 agreed in principle to purchase from the RSAF the five C-123 aircraft with spare parts currently in the RSAF inventory. Prince Sultan has indicated that he will use the funds accruing from this sale as the down-payment on three new C-130 transports for the RSAF, thus standardizing the Transport Squadron's aircraft inventory.

Military Mobilization Program. Also on June 29 Prince Sultan indicated his acceptance, subject to formal Council of Ministers approval, of a revised version of the Department of Defense proposal for a mobility modernization program for the Saudi Armed Forces. The revised proposal calls for a five year, \$120 million program, utilizing the services of the U.S. Army Corps of Engineers to organize a mobility management organization for Saudi Arabia responsible for procurement of tactical and general purpose military vehicles, construction of facilities, training, maintenance, supply support, and disposal activities.

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D. The Council of Ministers

Minister of Petroleum and Mineral Resources Ahmad Zaki YAMANI arrived in the US June 18 for a lecture tour of several American universities. Minister of Defense and Aviation Prince Sultan accompanied the King to Spain and the US beginning June 15.

Reorganization of Ministry of Agriculture. In early June it was announced that effective May 21 the Ministry of Agriculture had reorganized its administrative structure along lines recommended by the Ford Foundation. It thus became the first Saudi Ministry to put Ford Foundation recommendations into effect on a ministry-wide basis.

Economic Report. Royal Counselor Dr. Rashad Phara'on, in his capacity as Acting Chief of the Central Planning Commission, announced June 7 that the draft Economic Report being prepared by Ford Foundation economists had been distributed to Government Ministries for comment. Phara'on added that the First Economic Development Plan, also drafted by Ford, was ready for submission to the King. Several versions of the Economic Report had been circulating in Riyadh for some time and it is possible that Phara'on's statement was designed to placate critics who feel that progress in preparation of both the Report and the Development Plan have been unnecessarily slow.

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III. US-SAUDI RELATIONS

A. Faisal Visits the US

Visit Highlights. King Faisal, accompanied by Minister of Defense Prince Sultan, Royal Counselor Rashad Pharaon, and a number of staff aides and servants arrived in Washington June 21 for a ten-day official visit. President Johnson received the King at the White House with the customary honors and rode with him in a noon-hour parade up Pennsylvania Avenue. Other items on the agenda during the three-day Washington phase of the visit included the President's stag dinner for the King; the King's reception for the President, followed by a dinner for over 1,000 guests; luncheons given by Secretary Rusk and the Senate Foreign Relations Committee; and the traditional luncheon cum press conference at the White House Press Association. On the afternoon of June 23 Faisal and his party flew to New York where the King remained until he left the US on June 30. Among his New York activities were a series of luncheons and dinners in his honor given by various US banks and industrial firms, including the Chase Manhattan Bank and Aramco, a luncheon with UN Secretary General U THANT, and a meeting with the Council on Foreign Relations. Prince Sultan separately visited U.S. STRIKE COMMAND Headquarters in Tampa, Florida, June 28, as the guest of CINCSRIKE, General ADAMS.

Washington Talks. During his first two days in Washington Faisal met twice with the President and had a private session with Secretary Rusk. These occasions provided an opportunity to reaffirm to the King our existing commitments to preserve Saudi Arabia's integrity although the US gave Faisal no new security guarantees. While commending US efforts to oppose Communism in all parts of the world, including Vietnam, the King discussed his concern at growing Communist encroachment into the Middle East. He was assured that vigorous pursuit of his own economic and social development programs was one

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good way of blunting the Communist threat to Saudi Arabia. In fact, Saudi Arabia's internal development efforts were dealt with extensively in meetings with the President and were stressed by the King himself in his speech to the White House Press Association and in his remarks to business leaders in New York, where he also emphasized Saudi Arabia's continued adherence to the system of private enterprise.

In the Joint Communique issued June 22, Faisal and the President noted with approval the close relations long existing between their two countries and reaffirmed their opposition to aggression in any form and the importance of solving international problems by peaceful means. They denounced the threat of international Communism to free nations and pledged themselves to cooperate by all appropriate means in improving the welfare of their peoples. On the whole, the visit was highly successful and the King appeared most pleased by the warmth of his welcome and by the President's strong reassurances of US support for Saudi Arabia's security and development. Perhaps most important, Faisal and the President developed a good personal rapport which can be expected to be an asset in future US-Saudi relations.

Furor Over Press Club Remarks. The visit was marred somewhat by a furor over a statement by Faisal, made in reply to a question at his June 22 White House Press Association luncheon, that "the Jews of the world aid Israel ... In our situation, we consider those who aid our enemy as our enemy." Although this statement merely reflected a well-known Arab and Saudi position, it was regarded as offensive by a number of Americans, and led to decisions by Mayor Lindsay and by Governor Rockefeller to boycott the King's visit to New York City. These snubs did not particularly upset the King, however, who was gratified by the numerous messages he received from Americans criticizing Lindsay's and Rockefeller's behavior and welcoming him to New York. The incident attracted considerable attention in Saudi Arabia where the Government radio and the press seized on it as evidence that Faisal had become the "Number One Enemy of Zionism" and vigorously applauded the King's courage in attacking Zionism "in one of its strongholds." Although some Saudis here were understood to have blamed the USG for the Mayor's and Governor's behavior, on the whole the incident appeared to be regarded by the King and his advisors as having given an unanticipated boost to Faisal's image in the Arab world.

B. US Arms for Israel

While in Washington Faisal expressed to US leaders his concern at the nature and timing of the US decision to sell aircraft to Israel. Although Saqqaf told the Ambassador prior to the King's visit that Faisal had decided against publishing Saqqaf's May 25 oral protest to the Ambassador, the King did, in reply to reporter's direct question on June 25, indicate without elaboration that Saudi Arabia had protested this action to the US Government. The King's

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reply was not, however, given any special emphasis by the Saudi press or radio which apparently was under orders to downplay this issue in view of the King's US visit.

C. Cultural Relations

TV Agreement to be Renewed. The Saudi Government has formally requested a two-year extension of the government-to-government agreement under which the US Army Corps of Engineers has supported the development of Saudi Government television facilities.

Riyadh English Teaching Center. In a Foreign Ministry Note dated June 16, 1966, the Saudi Government formally requested USIS Jidda to undertake the administration and staffing of an English Language Teaching Laboratory to be established in Riyadh by the Ministry of Education with equipment supplied from a \$30,000 grant by Aramco. This project, when implemented, will permit USIS to assign a full-time American officer to Riyadh and may eventually prove the basis for expanded information and other US Embassy activities in the capital.

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